



PERS Plan 2 and PERS Plan 3 Rules for Local Officials

Washington State Department of Retirement Systems

If you would like to be a member of Public Employees' Retirement System (PERS) Plan 2 or Plan 3 while in office, you must apply to the Department of Retirement Systems (DRS). However, you are not required to be a retirement system member.

The following rules apply to elected officials who choose to be covered by either PERS Plan 2 or PERS Plan 3 while in office. Additional rules governing all PERS Plan 2 or PERS Plan 3 members are summarized in the Member Handbooks for each respective plan.

You are eligible to participate in PERS Plan 2 or PERS Plan 3 while in office if:

You have been elected or appointed to a local government or political subdivision position such as county commissioner, mayor, or city council member, and:

- You are a PERS Plan 2, TRS Plan 2, TRS Plan 3, or LEOFF Plan 2 member when elected to office, or
- You are a former PERS Plan 2 or PERS Plan 3, TRS Plan 2, TRS Plan 3, or LEOFF Plan 2 member (even if you withdrew funds from your retirement account), or
- You have never been a member of retirement plan administered by the State of Washington.

Additional rules governing all PERS Plan 2 members are summarized in the PERS Plan 2 and Plan 3 Member Handbooks, which may be requested by contacting DRS outside the greater Olympia area at 1-800-547-6657; or locally at (360) 664-7000. You can also obtain a copy via the DRS Web site at www.wa.gov/DRS/drs.htm.

When can I apply for membership?

During your initial term: You may apply for membership at any time during your initial term of office. If you enter membership after your initial term of office has begun, you must retroactively pay employee contributions plus interest dating back to the first day of your initial term.

During a following term: If you do not apply for membership during your first term in office, you may apply for membership during a following term. Membership will be granted retroactively to the first day of the term in which you apply for membership. You must retroactively pay employee contributions plus interest dating back to the first day of the term in which you apply for membership.

When you have established membership for your current term, you may have the option of purchasing credit for any previous term or terms of office during which you did not choose to apply for membership. See "Can I Receive Credit for Past Elected service?"

Your membership decision is final: Once you establish retirement system membership, you must remain a member until you separate from all eligible public employment.

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If you serve an additional term of office with the same employer without a break in service, you will remain a retirement system member.

You may retire and retain your elected position if:

- In that position, you earn less than \$15,000 adjusted annually for inflation, and
- You abandon claims for credit for future periods of elected service.

How much service credit will I earn?

The amount of your retirement benefit is determined in part by the amount of service credit you accumulate.

For each month that you earn 90 times the state minimum wage, you will receive service credit as follows:

- 90 or more hours = 1 service credit month
- At least 70 but fewer than 90 hours = .5 service credit month
- Less than 70 hours = .25 service credit month

Can I receive credit for past elected service?

After you have established membership for your current term of elected office, you are entitled to purchase service credit for any previous elected term or terms of office during which you did not choose to apply for membership.

To receive service credit you must pay the required employee and employer contributions for the previous term or terms of elected service with interest, as determined by DRS. You must purchase all consecutive service with a single employer. If you held multiple terms of office with different employers, you may purchase credit for service with either of the employers.

As an elected official, your employer may elect to pay the required employer contributions for you.

If you do not choose to become a member while holding elected office, and later become an active member in a non-elected position, you may then purchase credit for your elected service.

You may purchase credit for elected service performed prior to September 1, 1991, only:

- if you were compensated for more than 90 times the state minimum wage; and
- for months in which your service totaled 90 or more hours.

Note: For periods from January 1, 1987 through August 31, 1991, employee and employer contributions are due only for months that service credit is received.

Note: For periods prior to January 1, 1987, employee and employer contributions are due for any months in which you worked, including months that service credit was not earned.

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What will my retirement benefit be?

If you are a PERS Plan 2 member, you will receive a service retirement benefit based on the following formula:

$$2 \text{ percent} \times \text{service credit years} \times \text{Average Final Compensation} = \text{monthly benefit}$$

If you are a PERS Plan 3 member, you will receive a service retirement benefit based on the following formula:

$$1 \text{ percent} \times \text{Service Credit Years} \times \text{Average Final Compensation} = \text{monthly benefit}$$

Average Final Compensation is the monthly average of your 60 consecutive highest-paid service credit months. Not included are payments for any type of severance pay, such as lump-sum payments for deferred sick leave, vacation or annual leave.

How much will I contribute to my retirement fund?

Plan 2 contribution rates are variable and may be changed as necessary to reflect the cost of the plan.

In Plan 3, the amount you contribute depends on the contribution rate option you choose. Plan 3 features six contribution rate options that, once selected, may only be changed if you change employers. The Plan 3 contribution rate options are:

Option A: 5% fixed at all ages

Option B: 5% up to age 35; 6% ages 35 to 44; 7.5% age 45 and up

Option C: 6% up to age 35; 7.5% ages 35 to 44; 8.5% age 45 and up

Option D: 7% fixed at all ages

Option E: 10% fixed at all ages

Option F: 15% fixed at all ages

What if I am a retired PERS Plan 2 or PERS Plan 3 member when elected?

If you are a retired PERS Plan 2 or PERS Plan 3 member when elected to office, you can choose to either remain retired and continue receiving your retirement allowance while serving in office, or return to active member status while serving in office.

If you choose to remain retired while in office, you can work up to 867 hours in a calendar year without loss of benefits. Your benefits will be suspended if you work beyond 867 hours in a calendar year, and will remain suspended until you terminate PERS-covered employment or until the end of the calendar year, whichever comes first.

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If you return to active member status, you will stop receiving a monthly retirement benefit, and you will resume making contributions to your retirement system and accumulating service credit. Any retirement benefit you receive during your current term must be repaid.

How do I enroll?

To begin, continue or reestablish membership in the appropriate retirement system and plan, contact DRS and provide the following information:

Name

Social Security Number

Address and phone number

Position title and employer

Beginning date of each term of elected service (for recovery of previous service credit you will need to provide both beginning and ending dates for each of your terms of service)

You may also request an estimate of the cost of purchasing credit for previous service.

You can write DRS at:

Department of Retirement Systems

PO Box 48380

Olympia, WA 98504-8380

You can call DRS outside the greater Olympia area at 1-800-547-6657, or in Olympia at (360) 664-7000. Office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

Questions?

To discuss the application of these rules to your specific case, call the DRS central reception desk and ask to speak to a retirement services analyst.

THIS PUBLICATION IS A SUMMARY

This brochure does not contain a complete description of the law. If there are conflicts between the information contained in this brochure and retirement law, the applicable law will govern.

This publication is available in alternate formats. For information contact DRS Member Communications at (360) 664-7278.